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12 Nov 86, 0830DCI TALKING POINTS
SOVA COMPUTER CONFERENCE
12 NOVEMBER 1986
AIRLIE HOUSE

WE ARE VERY PLEASED THAT YOU ARE ABLE TO BE WITH US TONIGHT AND TOMORROW TO EXPLORE THE IMPACT OF THE COMPUTER AND THE TELECOMMUNICATIONS REVOLUTION ON SOVIET SOCIETY, ON ITS ECONOMY AND ON ITS STRATEGIC AND MILITARY THRUST. OUR NATIONAL INTEREST IN THAT DEVELOPMENT HAS MANY DIMENSIONS. IT SEEMS QUITE CLEAR THAT, IN COPING WITH THE COMPUTER AND TELECOMMUNICATIONS FUTURE, THE SOVIETS FACE WHAT TO THEM HAS TO BE A TRAUMATIC DILEMMA. TO COMPETE EFFECTIVELY IN THE WORLD OF TOMORROW, THEY WILL HAVE TO MAKE GREATER USE OF WHAT THE COMPUTER AND MODERN TELECOMMUNICATIONS CAN DELIVER. YET THE DEGREE TO WHICH THEY DO THAT WILL FORCE THEM TO RELAX THE POLITICAL GRIP ON THEIR PEOPLE AND WILL CREATE THE KIND OF PRESSURES FOR SPREADING INFORMATION THEY HAVE ALWAYS RESISTED.

THE BOTTOM LINE QUESTION FOR US IS WHETHER WE SHOULD FOSTER THIS PROCESS IN THE HOPE OF OPENING UP THEIR SOCIETY OR SHOULD WE MAKE IT DIFFICULT IN ORDER TO MAINTAIN OUR TECHNOLOGICAL AND ECONOMIC LEAD. PERHAPS WE CAN'T INFLUENCE THE PROCESS THAT MUCH, BUT WE NEED TO UNDERSTAND THEIR DILEMMA AND THINK THROUGH HOW IT MIGHT WORK TO OUR ADVANTAGE. SO, WE HAVE PEOPLE DEEPLY VERSED IN THE SOVIET ECONOMY AND SOVIET SOCIETY AND IN THE IMPLICATIONS OF THE COMPUTER-TELECOMMUNICATIONS TECHNOLOGY MEET FOR A COUPLE OF DAYS TO TALK ABOUT THE IMPLICATIONS AND OPPORTUNITIES FOR US IN THE POTENTIAL IMPACT OF COMPUTER AND TELECOMMUNICATIONS REVOLUTION ON SOVIET SOCIETY.

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THIS CONFERENCE WILL BE IMPORTANT TO OUR THINKING ABOUT THE SOVIET ECONOMY AND THE SOVIET MILITARY AND THEIR ABILITY TO KEEP THE PACE IN THE STRATEGIC AREA AS WELL AS TO OUR EVALUATION OF THE INTERNAL POLITICAL PRESSURES ON THE SOVIET LEADERSHIP.

U.S. GOVERNMENT INITIATIVES ON INFORMATION TECHNOLOGIES CAN INFLUENCE THE PACE OF SOVIET ECONOMIC AND MILITARY MODERNIZATION AND SOVIET PROSPECTS FOR MAINTAINING POLITICAL CONTROL. SOME INITIATIVES -- LIKE THOSE GOVERNING THE SALE OF WESTERN FACTORY AUTOMATION SYSTEMS -- MAY OPERATE EXCLUSIVELY ON ECONOMIC AND MILITARY MODERNIZATION. OTHER INITIATIVES -- LIKE SOME FOREIGN BROADCASTS, PERSONAL COMPUTERS AND THE DISHES NOW AVAILABLE IN POLAND -- MAY OPERATE EXCLUSIVELY ON SOVIET POLITICAL CONTROL. MANY, HOWEVER, HAVE THE POTENTIAL TO AFFECT STATE CONTROL IN BOTH AREAS -- FOR EXAMPLE, TRAINING IN COMPUTER PROGRAMMING THAT SUPPORTS APPLICATIONS IN THE ECONOMY AND THE PERFORMANCE OF MILITARY MISSIONS -- BUT IN THE PROCESS MAY INCREASE THE ABILITY OF THE INDIVIDUAL TO OPERATE INDEPENDENTLY AT WORK AND AT HOME.

THE PURPOSE OF THIS SESSION IS TO IDENTIFY U.S. INITIATIVES WHICH COULD INFLUENCE SOVIET PROGRESS IN THEIR INFORMATION REVOLUTION IN WAYS BENEFICIAL TO THE U.S. UNDER CERTAIN CONDITIONS, IT MIGHT BE IN THE U.S. INTEREST TO HURT SOVIET MODERNIZATION PROSPECTS AND DAMPEN IMPROVEMENT IN SOVIET WELFARE. SUCH INITIATIVES COULD CONSTRAIN THE ADVANCE OF SOVIET MILITARY

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POWER, AND CREATE GREATER DISSIDENCE. CONVERSELY, UNDER CERTAIN CONDITIONS IT MIGHT BE IN OUR INTEREST TO FACILITATE MODERNIZATION, IN THE HOPE THAT THIS MIGHT ERODE POLITICAL CONTROL OR ENCOURAGE A LESS BELLIGERENT SOVIET UNION.

BECAUSE OF THEIR VARYING AND SOMETIMES MULTIPLE IMPACTS, POTENTIAL U.S. INITIATIVES RELATING TO INFORMATION TECHNOLOGIES SHOULD BE EVALUATED IN TERMS OF LIKELY:

- BENEFITS AND COSTS TO SOVIET ECONOMIC AND MILITARY MODERNIZATION, AND THE CONSEQUENCES FOR DEVELOPMENT OF SOVIET MILITARY POWER, INTERNATIONAL COMPETITIVENESS, AND SOCIAL WELFARE.
- IMPACT ON SOVIET POLITICAL CONTROL, AND OVER THE LONG RUN WHETHER THEY WILL ENCOURAGE A MORE LIBERAL OR MORE REPRESSIVE, A MORE OR LESS DANGEROUS REGIME.
- THE PROSPECTS FOR SUCCESS IN ACHIEVING THE INTENDED CONSEQUENCES, AND THE COST OF ANY SOVIET BACKLASH WHETHER THE INITIATIVE SUCCEEDS OR FAILS.

WE ORGANIZE POTENTIAL U.S. INITIATIVES IN TERMS OF THE CHANNEL BY WHICH THEY MAY AFFECT THE SOVIET UNION. SOME INITIATIVES MAY WORK INDIRECTLY BY MAKING IT EASIER OR HARDER FOR THE SOVIETS TO OBTAIN, APPLY, AND ASSIMILATE KEY INFORMATION TECHNOLOGIES AND PRODUCTS. SOME INITIATIVES -- LIKE FOREIGN

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BROADCASTS -- MAY WORK DIRECTLY, ENABLING THE U.S. TO INFLUENCE SOVIET AFFAIRS WITHOUT THE ACTIVE COMPLIANCE OF THE SOVIET GOVERNMENT.

THE U.S. AND OTHER WESTERN GOVERNMENTS HAVE CONSIDERABLE OPPORTUNITY TO INFLUENCE SOVIET ACCESS TO WESTERN INFORMATION TECHNOLOGIES AND PRODUCTS, AND ASSOCIATED SUPPORT PERSONNEL. THE PRINCIPAL WESTERN INSTRUMENTS ARE EXPORT CONTROLS -- MAKING TECHNOLOGIES EASIER OR HARDER TO OBTAIN AND ASSIMILATE -- AND TRADE POLICIES, MAKING ACQUISITION MORE OR LESS EXPENSIVE.

THE SOVIETS CONFRONT DEMAND FOR INDIVIDUAL OWNERSHIP OF HOME COMPUTERS. ENCOURAGING SUCH OWNERSHIP WOULD AUGMENT COMPUTER LITERACY PROGRAMS, PROVIDE WORKER INCENTIVES, AND PROBABLY INCREASE INDIVIDUAL CREATIVITY. MAXIMIZING THE EFFECTIVENESS OF PERSONAL OWNERSHIP, HOWEVER, WOULD REQUIRE PROVISION OF DATA STORAGE, COMMUNICATIONS AND OUTPUT DEVICES. WITHOUT ADEQUATE STATE SURVEILLANCE OR ACCESS CONTROL, MODEMS AND COMMUNICATIONS LINES COULD BE USED TO LINK TO OTHER PRIVATE USERS, AND IN THE HANDS OF CLEVER "HACKERS," EVEN INTRUDE INTO OFFICIAL COMPUTERS. FLOPPY DISKS ARE EASILY COPIED AND TRANSPORTED. DISSIDENT USE OF PCs WITH WORD PROCESSING SOFTWARE AND PRINTERS COULD CAUSE AN EXPLOSION IN UNDERGROUND LITERATURE.

THE U.S. AND OTHER WESTERN GOVERNMENTS FOR DECADES HAVE PROVIDED AN ALTERNATIVE TO THE SOVIET GOVERNMENT'S MONOPOLY ON INFORMATION. DIRECT RADIO AND, TO A MORE LIMITED DEGREE,

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TELEVISION BROADCASTS REPORTEDLY REACH A LARGE NUMBER OF SOVIET AND EAST EUROPEAN CITIZENS, DESPITE SOVIET JAMMING EFFORTS. PRINTED MEDIA, FILMS, AND VIDEOTAPES CAN BE FURNISHED THROUGH A VARIETY OF OFFICIAL AND UNOFFICIAL CHANNELS.

PRODUCTS OR EQUIPMENT MIGHT BE INSERTED INTO THE SOVIET UNION, EITHER TO SUPPORT WESTERN EFFORTS TO INTRODUCE INFORMATION OR TO INCREASE THE CAPACITY OF INDIVIDUALS WITHIN THE USSR TO CONVEY INFORMATION. FOR THE FORMER GOAL, EQUIPMENT COULD INCLUDE DEVICES TO EXPAND OR IMPROVE THE QUALITY OF BROADCAST RECEPTION, OR PROJECTORS OR RECORDERS TO ENABLE THE DISPLAY OF WESTERN-SUPPLIED FILMS OR VIDEOCASSETTES. OTHER EQUIPMENT -- INCLUDING VIDEO AND SOUND RECORDING DEVICES, COPYING MACHINES, PRINTERS, AND TELECOMMUNICATIONS DEVICES -- COULD BE SUPPLIED TO MAKE PRIVATE EFFORTS TO CREATE AND DISSEMINATE INFORMATION MORE EFFECTIVE.

A VARIETY OF INITIATIVES MIGHT INDUCE THE SOVIETS THEMSELVES TO LOWER THE BARRIERS. THE SOVIETS COULD:

- HALT OR REDUCE THE JAMMING OF WESTERN BROADCASTS, AND CONFORM WITH INTERNATIONAL TELECOMMUNICATIONS STANDARDS.
- ENABLE THEIR CITIZENS TO COMMUNICATE MORE FREELY WITH WESTERNERS, AND IMPORT A LARGER QUANTITY AND WIDER ARRAY OF CONSUMER ELECTRONIC PRODUCTS.
- EASE RESTRICTIONS ON THE NUMBER AND ACCESS OF WESTERNERS RESIDENT IN THE SOVIET UNION.

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BASED ON THE RECORD, THE SOVIETS ALMOST CERTAINLY WOULD MAKE SUCH CONCESSIONS ONLY IN EXCHANGE FOR GAINS IN OTHER AREAS.

CERTAIN BROADCAST TRANSMISSIONS -- SUCH AS TELEVISION BROADCAST TRANSMISSIONS -- SUCH AS TELEVISION BROADCAST DIRECTLY BY SATELLITE -- ARE LESS SUSCEPTIBLE TO JAMMING THAN CURRENT MEANS. ADVANCES ALSO PROMISE TO REDUCE THE SIZE AND COST OF EQUIPMENT REQUIRED TO RECEIVE WESTERN BROADCASTS, WITH THE PROMISE THAT TELEVISION SIGNALS MIGHT ULTIMATELY BE RECEIVED WITH NO SPECIAL ADAPTORS OR ANTENNAS. PROGRESS IN ELECTRONICS IS SERVING TO INCREASE THE CAPABILITY AND REDUCE THE SIZE (AND HENCE DETECTABILITY) OF CONSUMER AND INDUSTRIAL DATA STORAGE DEVICES, COMPUTER PRINTERS, COPYING MACHINES, RADIO TRANSMITTERS, AND RELATED EQUIPMENT. ALL OF THESE COULD INCREASE THE EFFECTIVENESS OF IN-COUNTRY EFFORTS TO MOUNT DISSIDENT ACTIVITIES AND DISSEMINATE INFORMATION.

AGAIN, THANK YOU ALL FOR COMING AND ESPECIALLY YOU, IVAN, FOR CHAIRING THE MEETINGS. I HOPE YOU FIND THE CONFERENCE BENEFICIAL. I KNOW IT WILL BE FOR US. I LOOK FORWARD TO OUR TALKS.

IT NOW GIVES ME GREAT PLEASURE TO INTRODUCE A COLLEAGUE AND FRIEND OF LONG STANDING, LEO CHERNE. LEO, CURRENTLY THE VICE CHAIRMAN OF THE PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD, HAS AGREED TO STIMULATE OUR THINKING WITH A FEW PROVOCATIVE REMARKS.
